

DIRECT TESTIMONY
OF
MARION LUNN

ILLINOIS ENERGY OFFICE

ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY

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1 **INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Marion “Molly” Lunn, and my business address is 100 W. Randolph
4 St., Chicago, IL, 60601.

5

6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by Illinois Department of Commerce and Economic Opportunity
8 (DCEO), as the Assistant Deputy Director for the Illinois Office of Energy &
9 Recycling.

10

11 **Q. Please describe briefly your educational background and work experience.**

12 A. I hold a Master of Public Administration, with a focus on environmental science
13 and policy, from Columbia University; and a Bachelor of Arts, in international
14 studies, from Emory University.

15

16 I began working for DCEO, in August 2014, as the Assistant Deputy Director for
17 Energy & Recycling. I am responsible for the development and implementation
18 of the office’s policies and programs, supervising staff, coordinating marketing
19 and outreach efforts, and planning and overseeing an annual budget of
20 approximately \$100 million. I previously worked for the U.S. Department of
21 Energy, the White House Council on Environmental Quality, and the U.S.
22 Department of Housing and Urban Development.

23

24 **Q. What is the purpose of your testimony?**

25 A. The purpose of my testimony is to provide information on DCEO's energy
26 savings goals and goal attainment, for Program Year 4 (PY4), for the Ameren
27 electric and gas utility territory, under our Energy Efficiency Portfolio Standard
28 (EEPS) Programs.

29

30 **DCEO ENERGY SAVINGS GOALS**

31 **Q. What were DCEO's electric and gas energy savings goals for the Ameren**
32 **territory in PY4?**
33

34 A. Section 8-103(b) of the Public Utilities Act requires DCEO and Ameren to
35 achieve an annual electric energy savings goal of 0.8% of energy delivered during
36 PY4. Under docket number 10-0568, Ameren calculated the PY4 total modified
37 electric goal for its service territory as 315,560 MWh. According to DCEO's plan
38 submitted and approved by Commission Order dated December 21, 2010,
39 DCEO's share of that goal was 42,026 MWh.

40

41 Section 8-104(c) of the Public Utilities Act requires DCEO and Ameren to
42 achieve an annual gas energy savings goal of 0.2% of energy delivered during
43 PY4. Under docket number 10-0568, Ameren calculated the PY4 total modified
44 gas goal for its service territory as 4,536,017 therms. Pursuant to Commission
45 Order on Rehearing dated May 24, 2011, and according to DCEO EEPS

46 Amendment Filings dated June 24, 2011, DCEO's amended share of that goal was
47 470,362 therms.

48

49 **Q. Did DCEO achieve the electric energy savings goal in PY4 in the Ameren**
50 **territory?**
51

52 A. As reflected in the PY4 evaluation reports, submitted to the Commission in this
53 docket, DCEO fell slightly short of the MWh goal of 42,026 MWh in the Ameren
54 territory, achieving 37,742 MWh, 90% of the goal in the DCEO plan.

55

56 **Q. Did DCEO achieve the gas energy savings goal in PY4 in the Ameren**
57 **territory?**

58 A. Yes. As reflected in the PY4 evaluation reports, submitted to the Commission in
59 this docket, DCEO's programs achieved 1,158,325 therms in gas savings. DCEO
60 exceeded its PY4 modified energy efficiency therm goal by 687,963 therms or
61 246% of the goal in the DCEO plan.

62

63 **Q. What does DCEO seek with respect to the gas savings achieved in PY 4?**

64

65 A. In accordance with the Final Order in Docket 10-0568, DCEO is permitted to
66 bank a certain amount of savings achieved through PY4, which can be applied to
67 the achievement of future savings goals. The gas saving goal for Plan 2 is a
68 cumulative three year goal. DCEO respectfully seeks Commission approval on

the total amount of gas savings that it achieved in PY4 and that the entire PY4 savings can be counted to the three year statutory goal of 2,822,169 therms.

CHALLENGES FOR DCEO PORTFOLIO

Q. What are some of the challenges faced by DCEO in managing its portfolio of energy efficiency programs?

A. In serving the public and low income sectors, DCEO faced a variety of challenges in PY4 (most not experienced by the utilities), which made attaining the modified MWh goal difficult. A few of those challenges include:

- Economically Challenged Markets. DCEO serves two very difficult, economically challenged sectors. Many public entities have difficult fiscal situations. DCEO staff has heard repeatedly from schools and local governments that its incentives are too low to enable them to implement the efficiency measures. The program evaluators also found through their surveys that public sector program applicants frequently cited the low incentives offered by the programs as a barrier to program participation. The approval process in the government sector is also very slow and energy efficiency must compete against many other priorities. DCEO has increased its incentives relative to utility commercial sector programs, but the pressure to deliver higher energy savings prevents DCEO from raising them as much as public entities would desire. Low income programs pose their own unique challenges. They are not required to pass the Total Resource Cost (TRC) test and are more costly to deliver, for lower energy savings relative to other

sectors. In most cases, unless a low income program covers the entire measure cost, the energy efficiency improvements will not occur.

- Utility Ownership of Street Lighting. Second, street lighting is one area where the potential for reducing public sector energy consumption is very large; however, the complicated ownership and tariff structures make it difficult for DCEO to help localities achieve that potential. In both ComEd and Ameren territories, a significant share of the street lighting is owned by the utilities.
- Economic Stimulus Programs. Another challenge in PY4 specifically was the availability of American Recovery and Reinvestment Act (ARRA) funding. In Illinois, 52 cities and 10 counties in the state were entitled to funds from the U.S. Department of Energy under the Energy Efficiency and Conservation Block Grants (EECBG) Program (<http://energy.gov/eere/wipo/energy-efficiency-and-conservation-block-grant-program>). In total, they received more than \$90 million to use for energy projects within their borders. Most of them used the money for energy efficiency measures in their own facilities. While ARRA required grant recipients to leverage existing state programs, DOE put tremendous pressure on the local governments to spend the funds quickly. Many chose not to apply for EEPS funds, but to pay for 100% of project costs with EECBG funds. Some local governments that had already received notices-to-proceed from DCEO cancelled their projects so they could use the ARRA funds instead.

115 **SUMMARY**

116 **Q. Please summarize your testimony.**

117 A. Despite the challenges faced by serving two difficult markets – the public sector
118 and low income sector – in PY4, in the Ameren electric and gas utility territory,
119 DCEO exceeded the modified gas energy savings goal (achieving 284%) and
120 achieved 90% of the modified electric energy savings goal. Specifically, in PY4,
121 DCEO reduced electric consumption by 37,742 MWh and gas consumption by
122 1,158,325 therms, in the Ameren territory.

123

124 **Q. Does this conclude your testimony?**

125 A. Yes.